

CITY COUNCIL
BUSINESS AND COMMUNITY AFFAIRS COMMITTEE MINUTES

October 1, 2015

The City Council Business and Community Affairs Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 4:05 p.m. in the Municipal Building Conference Room located at 201 West Gray on the 1st day of October, 2015, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmember Castleberry and Co-Chairman Allison

ABSENT: Councilmember Lang and Chairman Heiple

STAFF PRESENT: Mr. Terry Floyd, Development Coordinator
Ms. Sara Kaplan, Retail Marketing Coordinator
Ms. Kathryn Walker, Assistant City Attorney
Ms. Syndi Runyon, Administrative Technician IV

OTHERS PRESENT: Councilmember Greg Jungman, Ward Four
Mayor Cindy Rosenthal
Ms. Joy Hampton, The Norman Transcript
Ms. Madeline Oujekey, Intern, City Manager's Office
Mr. Jason Smith, Executive Director, Norman Economic Development Coalition (NEDC)
Mr. Chuck Thompson, President, Republic National Bank

Item 1, being:

CONTINUED DISCUSSION REGARDING A RETAIL/BUSINESS ENHANCEMENT PLAN FOR THE 100 BLOCK OF WEST GRAY STREET.

Ms. Sara Kaplan, Retail Marketing Coordinator, presented a proposed concept designed to enhance retail/business opportunities on City property located in the 100 Block of West Gray Street. She said the property was purchased by the City in 2011, with the majority of the property located on the north side of Gray Street, which is currently being utilized by the Facility Maintenance Division and storage for other City departments. The gravel lot directly across the street on the south side is currently vacant and not designated as public parking.

Ms. Kaplan said the proposed Retail/Business Enhancement Plan will temporarily activate three vacant sites on the block by bringing art, food, and business components to Gray Street. The first step is to activate a "window box" display at 101 West Gray Street by featuring rotating art work, murals, etc. The second step will be to utilize the gravel lot as space for events, food trucks, and pop-up retail vendors. The third and final step will be to create a Business Resource Center at 115 West Gray Street. The 2,229 square foot building (formerly Couch Communications) would serve as the hub for the block and a space to assist start-up businesses.

Councilmember Jungman asked how focus on this block came about and Ms. Kaplan said she walks by it every day and it is property being underutilized, plus it is not very pretty.

Ms. Kaplan said 115 West Gray Street can remain empty, be leased out, or become a Business Resource Center similar to an incubator or co-working space. She said an incubator is both a place and a program which is established to assist start-up businesses. Facilities and services vary widely in their nature, depending on the type of business being incubated. A co-working space is an office or working environment used by people who are self-employed or working for different employers where equipment, ideas, and knowledge are often shared.

Item 1, continued:

Ms. Kaplan said an incubator in Downtown Norman would be a great place to encourage an entrepreneurial environment.

Councilmember Jungman said if someone has a concept for a retail business, but is not ready to open a store or lease space, could they use an incubator and if so how would they use it and what benefit would it be to them? Ms. Kaplan said sometimes incubators have reduced rent or support services to help with the process of starting a business. Incubators help connect people to various counseling services on how to start a business, how to get a tax permit, how to register for a Federal Identification Number (FIN), etc. In the current configuration of the space she would not recommend retail going in right now because the foot traffic needs to be built up first.

Councilmember Castleberry said incubators are not really about retail, they are more about construction and service oriented businesses, such as Green Okie, who are out in the field a lot, but need a place to have their phone answered to give a more administrative feel to their business. Incubators also offer support for business plans, free tax services, etc., and felt that would be something the City could offer.

Mayor Rosenthal asked how a Business Resource Center would dovetail retail versus companies like ETech that is already located in Norman. Ms. Kaplan said the ETech incubator is designed for technology research and there are businesses, such as graphic design and architecture, that do not quite fit the niche of ETech and may never grow into a major business. The Business Resource Center would serve a different kind of market for a start-up business than ETech.

Councilmember Castleberry said incubators also get people out of their home when they have a home-based business, which can be nice from a cost standpoint. The City has rules about home businesses in that the business cannot have employees operating out of the home so this would allow these people to have an office outside of their home. Ms. Kaplan said co-working space allows people to get to that next step in their business when they are not quite ready to lease a building. She said having an office is one thing, but renting an entire building is a whole other level of management that some start-ups are not quite ready for because they do not realize the expense of rent, utilities, taxes, wages, etc.

Councilmember Castleberry said some retired people do consulting work and need a place to meet clients and asked if this is the type of business the Business Resource Center would be helping and Ms. Kaplan said yes, the City can be really flexible on the types of businesses allowed, but she would not want someone there for fifteen years. She said there would be an application process with a maximum time of three years on incubators because that gives entrepreneurs enough time to determine if their business can get off the ground and be successful. She said a person utilizing a co-working space, depending on what can be fit inside that space, could be in the building for 20 years or more.

Ms. Kaplan said the City could probably rent the spaces for \$10 to \$12.50 per square foot, which adds up to a monthly fee of \$1,857.95 to \$2,322.44 for a standard lease versus \$548.10 to \$685.13 for a standard incubator lease and \$1,748.10 to \$1,885.13 for a co-working incubator lease plus 12 memberships at \$100 each. The incubator and co-working incubator fees would include utilities and maintenance. She said there is also potential for additional revenue sources that include hourly rentals of the conference room, working fees, etc. Her goal is not to make money, but to activate the block so she would like any money gained to go back into the program to help the program grow.

A standard lease could consist of one business, an incubator could consist of five businesses with five solo entrepreneurs, and a co-working incubator could consist of five businesses with the five entrepreneurs as well as an additional pool of people. She said this will bring more people to the block.

Item 1, continued:

Ms. Kaplan presented a proposed floorplan that includes a resource library at the entrance, four offices, one small potential retail space, one large co-working space, one common area (kitchenette/lounge), and one conference room. She said the hardest part of opening a retail shop is the inventory. She would not put retail there on day one because the program would need to grow in order for that to be successful. She said the building has two restrooms that are handicap accessible, but she is not sure the front door is handicap accessible so that would need to be done.

Mayor Rosenthal asked if there is a business services component and Ms. Kaplan said yes, but the building would have to have wi-fi, a copy machine, and other basic equipment. The businesses would bring in their own computer/laptops and phone line. She has not worked out the details because she did not know if the Committee would be interested in the concept.

Ms. Kaplan said her goal is to energize the block with businesses, food, and art. She said if the incubator businesses grow they will hopefully fill in other downtown spaces in Norman when they graduate.

Councilmember Castleberry said the City has a shortage of space for its employees and asked if this had been taken into consideration. Is the City giving up potential space it might need? Ms. Kaplan said that is possible, but this building was not included in the space utilization study so it is hard to say, but not many people are aware the building is vacant. She said Staff offices could certainly be an option and Councilmember Castleberry said it could always be converted back to City offices, if needed. Ms. Kaplan agreed and said if the program is successful in three years' time she would hope to move the Business Resource Center to a larger building. She said the Tulsa Young Professionals in the City of Tulsa started a co-working space in 2009, that has grown significantly enough that they have purchased their own building. If she gets a go ahead on the program they will be the first people she calls for advice.

Mayor Rosenthal thought the City was using a portion of the building for storage and asked if that would still be used for storage and partitioned off from the art space. Ms. Kaplan said the art space is four foot by 37 feet and has a separate entrance from the rest of the building. She would be happy to take Council through the building if they wish.

Councilmember Lang asked what impact a two-way Main Street and Gray Street would have on the program and Ms. Kaplan said it could potentially make the retail there very valuable. He asked if the City would be selling itself short by having an incubator there as opposed to retail and Ms. Kaplan said it will take more than three years for Main Street and Gray Street to become two-way. Mayor Rosenthal said this is a great interim solution because the City does not want the building sitting there empty and not rented if there is that opportunity. She said this is a shot at filling a niche the City does not currently have.

Councilmember Lang said the goal is to make a decision on the success of the program in three years, but he would hate for a business incubation to start and then be kicked out by the City. Ms. Kaplan said a short-term lease will be beneficial for any business that is in the startup stage so she would probably begin with a six month lease with the expectation that they graduate within three years. She said everyone would be well informed that their business cannot stay for more than three years and the City would have an idea of how the program is working within one year.

Councilmember Castleberry asked if the food trucks would be parked in the gravel lot on a daily basis and Ms. Kaplan said she was thinking about allowing them for the lunch crowd. She spoke with neighbors to the lot and they are supportive of events in the gravel lot. She has several ideas on how the lot can be utilized temporarily until the City decides to do something more permanent with it.

Item 1, continued:

Councilmember Jungman asked the costs involved in making the building ready for occupancy and Ms. Kaplan said the front door might need a little work to make it handicap accessible and there are some facility funds available that could be used for signage and small improvements. She said existing signage would be easy to upgrade and the floor plan for the building already exists. She said the Couch Communications sign is still on the building so that would need to be removed and the awning replaced. She said window clings can be used for the businesses using the building since they can be changed out easily. The lighted sign in the parking lot currently has no sign, but the light still works and it would not be expensive to have a new sign installed. She said everything would be temporary and easily convertible should the City decide they need the building for Staff.

Councilmember Allison asked if there are currently any co-working spaces in Norman and Ms. Kaplan said there has been a co-working space in Research Park since 2014, but she does not know how that is going. She did know the rent is \$250 to \$300 a month, which she felt is a lot of money for a startup business especially if it is one person. She said Gray Street is a perfect location being next door to City Hall and the United States Post Office.

Mr. Jason Smith, Executive Director, Norman Economic Development Coalition (NEDC), said the co-working space in Research Park is full. He said the Retail/Business Enhancement Plan for Gray Street is a great idea. He said NEDC is re-envisioning ETech because NEDC thought it would be much larger by now, but is not sure if that is going to happen. The NEDC Board authorized the organization of a group of stakeholders, tenants, City representatives, citizens, and other entrepreneurs to determine what will fit in the community and where the gaps are. Councilmember Allison said the City needs to be careful not to duplicate something that NEDC is working on.

Mayor Rosenthal said conversations need to continue to take place with NEDC, Chamber of Commerce, and other entities about what niche this program fills. She said Ms. Kaplan has made a very compelling case for why this would be a great location, but as the City goes forward it needs to be in communication with others.

Councilmember Lang asked what the City is storing in the building and Ms. Kaplan said surplus items, custodial supplies, and miscellaneous files, but it is not stacked floor to ceiling.

Councilmembers asked if the window box could be done immediately and Ms. Kaplan said yes, there is a local artist ready to display a mural as soon as the City approves use of the window box.

The Committee told Ms. Kaplan to move forward with the program.

Items submitted for the record

1. Memorandum dated September 25, 2015, from Sara Kaplan, Retail Marketing Coordinator, through Steve Lewis, City Manager, to Council Business and Community Affairs Committee
2. PowerPoint entitled, "The Gray Area, Business Enhancement Plan for 100 Block of West Gray," BACA Committee dated October 1, 2015

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Item 2, being:

MISCELLANEOUS PUBLIC COMMENTS.

Councilmember Castleberry would like this Committee to take a look at getting a City App installed. He said a business known as Next Door provides apps to municipalities at no cost. He said the National Weather Center has a company providing their app at a cost of \$3,500 per year and Council has been quoted \$200,000 in the past and that is why it has not been pursued. He spoke with the president of that company and they said the App can do anything the City wants it to do so the City needs to decide what it wants an App to do. He said if there is a gas leak, the App can shoot out a message to citizens in the affected areas. It can also inform citizens that a road is closed or construction is taking place. It is similar the Norman Public School's App, but on steroids. He suggested the City look at what the company has done for other cities, but the topic needs to be put back on the City's radar.

Mayor Rosenthal said she is very supportive of that. She said there are some technologies the City currently has in the Police Department that could be useful so the Committee needs to be cognizant of coordinating with other departments. She said identifying what the City wants the App to do is the first key step.

Councilmember Allison said we need a survey of what technology the City has for communication, what the City is doing with that, and how the City is using or should be using that technology because every once in while Council hears the City has the technology but is not using it yet or does not know how to use it.

Mayor Rosenthal said the City does have available technology, but there is a staffing issue. The technology is all about the person who would provide the information for the App, which is a full time job.

Councilmember Castleberry said he would just like to get the topic back on the City's radar.

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Item 3, being:

ADJOURNMENT

The meeting adjourned at 4:40 p.m.